

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,) INDICTMENT CR 11-134 MJD/AJB
)
Plaintiff,) (18 U.S.C. § 2)
) (18 U.S.C. § 1341)
v.) (18 U.S.C. § 1343)
) (18 U.S.C. § 1957)
MICHAEL JOSEPH KRZYZANIAK,) (26 U.S.C. § 7201)
a/k/a "Michael Joseph Crosby,") (26 U.S.C. § 7203)
)
Defendant.)

THE UNITED STATES GRAND JURY CHARGES:

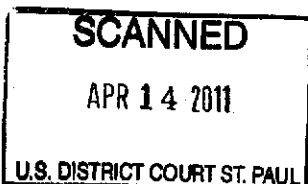
INTRODUCTION

1. Beginning at least in or about 2003, and continuing through at least in or about January 2011, the exact dates being unknown to the Grand Jury, defendant MICHAEL JOSEPH KRZYZANIAK, also known as Michael Joseph Crosby, devised and participated in a scheme to defraud individuals residing in Minnesota and elsewhere who were seeking to invest in certain business projects and to obtain over \$20 million in money and property from such individuals by means of material false and fraudulent pretenses, representations and promises.

2. On April 30, 1993, the defendant pleaded guilty to, and was convicted of, four counts of mail fraud. As part of the plea, the defendant admitted to defrauding investors of money and property by means of material false and fraudulent pretenses, representations, and promises. The defendant further admitted that he diverted the money for his own personal purpose.

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JUDGMENT ENTERED
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(1)

U.S. v. Michael Joseph Krzyzaniak

3. At all times relevant to this Indictment, the defendant resided in Minnesota and was the President and/or principal officer of one or more business entities, including Landmark Properties LLC, Landmark Properties U.S. LLC, Landmark Holding Company, Landmark Midwest LLC, Landmark Energy Group LLC, Landmark Cyber Tech LLC, Landmark Colorado LLC, Coyote Canyon Group LLC, Generation Energy Group LLC, 325 Wise LLC, Crosby and Associates, Palmwood Commercial, Hartsel Springs Solar LLC, and other related entities created by the defendant. The purpose of these companies was to provide purported investment opportunities in business projects.

COUNTS 1-20

(Mail Fraud/Wire Fraud)

4. The Grand Jury hereby realleges and incorporates paragraphs 1 through 2 of this Indictment as if stated in full herein.

5. Beginning at least in or about 2003, and continuing through at least in or about January 2011, in the State and District of Minnesota and elsewhere, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

and others known and unknown to the Grand Jury, aiding and abetting each other, knowingly and intentionally devised a scheme and artifice to defraud and to obtain millions of dollars in money and

U.S. v. Michael Joseph Krzyzaniak

property from various individuals by means of material false and fraudulent pretenses, representations, and promises.

THE SCHEME AND ARTIFICE

It was a part of the scheme and artifice that:

6. The defendant communicated with prospective investors and investors (hereinafter, "investors") by telephone, mail, email, and in person, for the purpose of fraudulently inducing those investors to make purported investments in business projects.

7. The defendant made, and arranged for others to make, numerous material false statements, false representations and omissions about purported investment opportunities in business projects, all to induce investors to provide the defendant with substantial sums of money.

8. The business projects the defendant claimed he was developing included: Internet terminals at airports and golf courses in various states, a golf club resort in Desert Hot Springs, California, alternative energy projects in Hartsel Springs, Colorado, and a NASCAR-type race car track in Elko, Minnesota.

9. The material false statements and representations that the defendant told investors included the following:

- a. The money the investors provided to the defendant would be invested into a particular business project;

U.S. v. Michael Joseph Krzyzaniak

- b. The investors could expect a substantial return on their investment;
 - c. The business project was proceeding toward successful completion and fully functional;
 - d. The business project had secured appropriate approvals from government, regulatory agencies, and/or private entities;
 - e. The defendant had financing source(s) ready to finance the business project;
 - f. The defendant had personal contacts, including a celebrity endorsement, that would ensure success of the business project;
 - g. The defendant had been involved in one or more other successful business projects, and investors in those other projects had received a substantial return on their investment; and
 - h. The defendant could not return investors' money as requested for a variety of reasons, such as the defendant was experiencing certain personal issues and/or the money was tied up with numerous vendors or was otherwise unavailable.
10. The material omissions that the defendant failed to tell investors included the following:

U.S. v. Michael Joseph Krzyzaniak

- a. The defendant had previously been convicted of a federal felony involving investment fraud;
- b. The business projects were not viable for a variety of reasons, including environmental issues and lack of appropriate approvals from government and/or regulatory agencies;
- c. The defendant's other business projects had not been successful and investors in those projects had not received promised returns; and
- d. The defendant diverted a large portion of the invested funds for his own purposes.

11. After the defendant received funds from investors, instead of investing all the funds as promised, he spent large portions of the funds to pay for personal expenses, to fund his lavish lifestyle, and to provide lulling payments.

12. In some instances, the defendant invested some, but by no means all, of the funds he received from investors into the business projects, and he did so at least in part in an effort to prevent the fraud from being discovered and/or reported to the authorities.

13. The defendant used, and arranged for others at his direction to use, the U.S. mails, commercial interstate carriers, and interstate wire communications in furtherance of the fraud

U.S. v. Michael Joseph Krzyzaniak

scheme. The mailings and wires included documents and literature regarding the business projects and regarding potential investor returns; wire transfers of interest payments and other lulling payments intended to create the false impression that the business projects were successful and that the invested funds were secure and invested as promised; and other lulling communications to investors that were intended to prevent the fraud from being discovered and/or reported to the authorities.

THE MAILINGS

14. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, and for the purpose of executing and attempting to execute the scheme and artifice, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

and others known and unknown to the Grand Jury, aiding and abetting each other, for the purpose of executing and attempting to execute the scheme and artifice, knowingly caused to be sent and delivered, by the United States Postal Service and commercial interstate carrier, various mailings, items and things described below:

U.S. v. Michael Joseph Krzyzaniak

COUNT	DATE	MAILING
1	11/27/06	Landmark loan agreement from Defendant in Minneapolis, MN to R.B. in Scottsdale, AZ.
2	11/27/06	Landmark loan agreement from Defendant in Minneapolis, MN to R.B. in Scottsdale, AZ.
3	12/07/07	\$30,000 check from L.R. in Eau Claire, WI to Defendant in Minneapolis, MN.
4	03/25/08	Landmark Cyber Tech interest payment from Defendant to L.R. in Eau Claire, WI.
5	08/11/09	Landmark Cyber Tech interest payment from Defendant to L.R. in Eau Claire, WI.
6	08/25/09	Landmark Cyber Tech interest payment from Defendant to M.S. in Fountain City, WI.
7	01/01/10	Landmark Cyber Tech statement with purported profit earnings from Defendant to B.S. in Bloomer, WI.
8	05/04/10	Landmark Cyber Tech conversion note from Defendant in Minneapolis, MN to E.S. in Fountain City, WI.
9	05/21/10	Landmark Cyber Tech interest payment from Defendant in Wayzata, MN to E.S. in Fountain City, WI.
10	06/04/10	Landmark Cyber Tech interest payment from Defendant in Minneapolis MN to E.S. in Fountain City, WI.
11	08/05/10	Landmark Cyber Tech interest payment from Defendant to T.S. in Alma, WI.
12	08/24/10	Hartsel Springs Solar Ranch project material from Defendant in Minneapolis, MN to L.H. in Eau Claire, WI.
13	09/15/10	Landmark Cyber Tech interest payment from Defendant to M.S. in Fountain City, WI.

U.S. v. Michael Joseph Krzyzaniak

COUNT	DATE	MAILING
14	09/15/10	Landmark Cyber Tech interest payment from Defendant to T.S. in Alma, WI.

All in violation of Title 18, United States Code, Sections 1341 and 2.

THE WIRES

15. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, and for the purpose of executing and attempting to execute the scheme and artifice, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

and others known and unknown to the Grand Jury, aiding and abetting each other, for the purpose of executing and attempting to execute the scheme and artifice, knowingly caused to be transmitted in interstate commerce the interstate wire communications described below:

COUNT	DATE	WIRE
15	09/08/06	Wire transfer of approximately \$2,050,000 in R.B.'s money from Wells Fargo Bank in Minneapolis, MN to Wells Fargo Bank in Palm Springs, CA.
16	10/03/08	Wire transfer of approximately \$300,000 in J.B.'s money from Wells Fargo Bank in San Francisco, CA to MidCountry Bank in Minnetonka, MN.

U.S. v. Michael Joseph Krzyzaniak

COUNT	DATE	WIRE
17	08/07/09	Wire transfer of approximately \$200,000 in J.B.'s money from Wells Fargo Bank in San Francisco, CA to MidCountry Bank in Minnetonka, MN.
18	03/03/10	Wire transfer of approximately \$250,000 in S.R.'s money from Citibank, New York, NY to U.S. Bank in Minneapolis, MN.
19	04/13/10	Email from Defendant in Minneapolis, MN to J.A. in Maryland, re. PSCo.'s purported selection of Hartsel Springs Solar Ranch project
20	05/11/10	Wire transfer of approximately \$25,000 in S.R.'s money from Citibank, New York, NY to U.S. Bank in Minneapolis, MN.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS 21-23
(Money Laundering)

16. The Grand Jury hereby realleges and incorporates paragraphs 1 through 2 and 5 through 12 of this Indictment as if stated in full herein.

17. The proceeds from the fraud scheme described above were deposited into various bank accounts under the defendant's control, including MidCountry Bank account #xxxxxx0811. Thereafter, the defendant used funds from these accounts to engage in monetary transactions in amounts greater than \$10,000.

U.S. v. Michael Joseph Krzyzaniak

18. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

and others known and unknown to the Grand Jury, aiding and abetting each other, knowingly engaged and attempted to engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally-derived property of a value greater than \$10,000 and in the approximate amount set forth below, such property having been derived from mail fraud and wire fraud, as further described below:

COUNT	DATE	AMOUNT	MONETARY TRANSACTION
21	04/27/06	\$127,837	Purchase of 2006 Porsche from Desert European Cars via wire transfer from MidCountry Bank account #xxxxxx0811 to Desert European Motorcar's Bank of America account
22	09/13/06	\$1,141,171	Purchase of Wayzata, MN residence via wire transfer to Colonial Title from MidCountry Bank account #xxxxxx0811
23	03/18/10	\$50,000	Purchase/rental of Wayzata, MN residence via U.S. Bank cashier's check from MidCountry Bank account #xxxxxx0811

U.S. v. Michael Joseph Krzyzaniak

All in violation of Title 18, United States Code, Section 1957.

COUNTS 24-27
(Income Tax Evasion)

19. The Grand Jury hereby realleges and incorporates paragraphs 1 through 2, 5 through 12, and 16 of this Indictment as if stated in full herein.

20. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

knowing that he had received substantial taxable income, such as money from his scheme to defraud investors, during the calendar years 2004, 2005, 2006, and 2007, willfully attempted to evade and defeat the income tax due and owing by him to the United States of America for each of those calendar years, by failing to file with the Internal Revenue Service ("IRS") a federal income tax return on or before April 15 of each of the following years as required by law and by failing to pay to the IRS the income tax that was due and owing.

21. Specifically, for each of the years set forth below, the defendant earned money from Landmark Holding Company, Landmark Cyber Tech Inc., Palmwood Commercial LLC, Landmark Energy Group,

U.S. v. Michael Joseph Krzyzaniak

Landmark Propertied, Landmark Midwest Ltd., Crosby and Associates, and related entities and converted the income to personal use by making personal expenditures in the approximate amounts set forth below. With respect to such income, the defendant was required to pay income tax in the approximate amounts and in connection with a tax return due on the following dates, as set forth below:

COUNT	YEAR	PERSONAL USE OF BUSINESS FUNDS	TAX DUE AND OWING	TAX RETURN DUE DATE
24	2004	\$544,918	\$157,406	4/15/05
25	2005	\$2,367,896	\$794,846	4/15/06
26	2006	\$2,163,097	\$722,109	4/15/07
27	2007	\$1,045,024	\$333,204	4/15/08

22. The defendant's affirmative acts of evasion for each of the years 2004, 2005, 2006 and 2007 include the following:

- a. failing to file tax returns;
- b. filing extensions with IRS and not filing tax returns;
- c. consulting with an accountant about tax return and tax return matters and yet still failing to file tax returns;
- d. using nominee names to register and operate his businesses and to open and maintain bank accounts;

U.S. v. Michael Joseph Krzyzaniak

- e. failing to file corporate income tax returns and failing to report any such business income as salary, wages, or distributive share of corporate or partnership income;
- f. registering and later maintaining numerous businesses with the Secretary of State of Nevada rather than Minnesota, the state in which the businesses and the defendant were located; and
- g. concealing business income by spending it on personal items as described above, such as on a new home and numerous new automobiles.

All in violation of Title 26, United States Code, Section 7201.

COUNTS 28-31

(Willful Failure to File Tax Return)

23. The Grand Jury hereby realleges and incorporates paragraphs 1 through 2, 5 through 12, 16, and 19 through 21 of this Indictment as if stated in full herein.

24. On or about the dates set forth below, in the State and District of Minnesota and elsewhere, the defendant,

MICHAEL JOSEPH KRZYZANIAK,
a/k/a "Michael Joseph Crosby,"

willfully failed to file with the Internal Revenue Service an income tax return for each calendar year listed below, knowing that his gross income, based on his personal use of business funds, at

U.S. v. Michael Joseph Krzyzaniak

least exceeded the minimum amount of income for which the law requires an income tax return to be filed, and knowing that he was required by law to file such returns on or before April 15 of the following year, as set forth below:

COUNT	YEAR	PERSONAL USE OF BUSINESS FUNDS	MINIMUM INCOME FOR TAX RETURN FILING REQUIREMENT	TAX RETURN DUE DATE
28	2004	\$544,918	\$22,100	4/15/05
29	2005	\$2,367,896	\$22,800	4/15/06
30	2006	\$2,163,097	\$23,500	4/15/07
31	2007	\$1,045,024	\$24,300	4/15/08

All in violation of Title 26, United States Code, Section 7203.

FORFEITURE ALLEGATIONS

Counts 1 through 20 are hereby realleged as if fully stated herein for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c). If convicted of any of Counts 1 through 20, the defendant will forfeit to the United States any and all of his right, title and interest in any and all real or personal property constituting or traceable to proceeds derived directly or indirectly from the conduct charged in Counts 1 through 20.

U.S. v. Michael Joseph Krzyzaniak

all of his right, title and interest in any and all real or personal property constituting or traceable to proceeds derived directly or indirectly from the conduct charged in Counts 1 through 20.

Counts 21-23 are hereby realleged as if fully stated herein for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(1). If convicted of Counts 21-23, the defendant shall forfeit to the United States any and all of his right, title, and interest in any and all real or personal property involved in any violation of Counts 21-23, as well as any property traceable to such property.

If any property described above is unavailable for forfeiture as described in Title 21, United States Code, Section 853(p), the United States will forfeit substitute property pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 28, United States Code Section 2461(c) and Title 18, United States Code, Section 982(b)(1).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON